

188 GUIDE TO INVESTMENT
AND FINANCE

Consols, losing the support of buyers, gradually fell in price, descending to 56*l* in 1813.

In 1814 trade (which had been depressed in the former year) resumed its natural elasticity, as a rebound from inaction, and the position was brightened by the country's success in the war. The French were retreating from Russia, which thus became open to trading enterprise. Gloomy feelings gave way to exaltation and hope ; these found expression in a development of trade, and Consols advanced to 70[^]. But the Nemesis speedily arrived: overtrading (the stimulated manufacture of articles in excess of the genuine existing demand, and in the hope of that demand expanding), and the use of borrowed money in business, had been incited by the former activity of trade: the need for manufactured commodities decreased: losses were sustained in consequence of the high rate of interest required upon the borrowed capital, and the unsaleability of superfluous goods : firms failed : commercial confidence or credit hence became undermined, and Consols revealed the general disquiet in a fall to 65-*l*.

In 1818 peace was proclaimed : money no longer devoted to the waste of war returned to commercial channels: peace fostered trade into vigour: savings thus became possible and found their way partly to Consols, which consequently rose to 79*l*.

But again in 1820 the reaction in trade, which inevitably and rhythmically follows a period of success, supervened: failure had been speedily forgotten: hope was always ready to be relit; industry grew inflated or hollow in its expansion; money was absorbed in the importation and manufacture of goods that were idly stored; credit received a shock from successive bankruptcies, and Consols fell to 67*l*.

The harvest of 1822 proved abundant and provided a new fund of wealth for extended trade and enlarged investment; and an increased demand for Consols was shown in the rise of price to 80*f*. A speculative mania thus ensued in 1823; securities were largely purchased on

borrowed money in the expectation of a further ascent of price and profit; speculation, again, extended to subscriptions on a wide scale to foreign loans, and the importation of commodities from abroad. The